

Dear Pharmacy Provider:

The Center for Medicaid and Medicare (CMS) recently granted the Department approval to move forward with fee-for-service pharmacy reimbursement changes that were enacted in the 2011-2012 NYS Executive Budget. Per previous e-mail notification to pharmacy providers, effective 8/25/11:

- Reimbursement rates for brand name drugs changed from AWP less 16.25% to AWP less 17%;
- Dispensing fees paid for generic drugs were reduced from \$4.50 to \$3.50; and
- The specialized HIV pharmacy reimbursement rate was discontinued.

All changes were retroactive to April 1, 2011. Retroactive adjustments for dates of service from April 1, 2011 through August 24, 2011 are now being processed.

Adjustments will be spread out, beginning with checks dated October 10, 2011 and ending March 31, 2012, using the following process:

- Data has been pulled for enrolled pharmacies with claims for service dates 4/1/2011-8/24/2011;
- Claims for brand drugs that were paid at AWP-16.25% have been recalculated at AWP-17%;
- Dispensing fees paid for generic prescriptions have been recalculated to \$3.50;
- A total amount to be recouped has been identified for each pharmacy; and
- That amount has been divided evenly by the number of remittances through the end of the State fiscal year.

Providers can identify the total adjustment by multiplying the amount withheld from the 10/10/11 check by the number of remaining payments in SFY 11/12. The amount will be identified by the code AWP (long description: pharmacy reimbursement).